FPPA | Fire & Police Pension Association of Colorado

Colorado Springs New Hire Pension Plan

Police Component



Overview

The **Colorado Springs New Hire Pension Plan (CSNHPP): Police Component** provides monthly benefits to police officers enrolled in the Plan. It is a defined benefit plan funded by Member and Employer contributions.

Plan members receive a monthly lifetime benefit when they meet the eligibility requirements for Normal, Early, Vested, or Deferred Retirement. When nearing retirement or DROP, contact FPPA for confirmation of service credits and other retirement related information.

Eligibility Requirements

Generally, this Plan covers Colorado Springs police officers who were hired on or after April 8, 1978, and before October 1, 2006.*

Final Average Salary (FAS)

Retirement benefits in this Plan are calculated using Final Average Salary (FAS), which is the average of the Member's monthly base salary—including longevity, mandatory overtime, and third week pay if applicable—received by the Member for the final 18 months before they separate service. Salary for time obtained by purchasing service credit is not factored into the FAS. If a Member does not work their last full payroll period, the FAS will be affected.

Because there are 39 payroll periods in the 18 months used to calculate FAS, FPPA uses the total salary amount reported during the final 39 payroll periods to determine the Member's rate of pay. Since the rate of pay is based on the average of those final 39 payrolls, it is to your advantage to work or be paid until the last day of the payroll period.

**Full-time Colorado Springs police officers hired on or after October 1, 2006 are covered by the Statewide Retirement Plan: Defined Benefit Component.*

Calculating your FAS

The following example is based on these assumptions:

- A Member makes exactly $2,000 each of the 39 payroll periods.
- The "Total Earnings for 39 Payroll Periods" would then equal $78,000.

"Total Salary for 39 Payroll Periods" / 39 x 2.17262 = *"Monthly Rate of Pay"* x 12 = *"Final Average Salary"*

($78,000 / 39 x 2.17262 = $4,345.24 x 12 = $52,142.88)

Benefit Calculator

Use the table below to calculate a Normal, Early, or Vested Retirement Benefit using the Member's age at retirement and years of service.

Note: This table is for Colorado Springs police officers. Normal Retirement benefits are age 50 with 25 years of service credit, with a maximum benefit payable of 75%.

Years of Service ▼	Age at Retirement ▼																	
	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
10						20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
11						22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75
12						25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50
13						28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25	28.25
14						31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00
15						33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75	33.75
16						36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50	36.50
17						39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25	39.25
18						42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
19						44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75	44.75
20	29.69	33.25	36.81	40.38	43.94	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50
21	31.41	35.18	38.94	42.71	46.48	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25	50.25
22	33.13	37.10	41.08	45.05	49.03	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00
23	34.84	39.03	43.21	47.39	51.57	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75	55.75
24	36.56	40.95	45.34	49.73	54.11	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50
25	38.28	42.88	47.47	52.06	56.66	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25	61.25
26	40.00	44.80	49.60	54.40	59.20	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00
27	41.72	46.73	51.73	56.74	61.74	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75
28	43.44	48.65	53.86	59.08	64.29	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50	69.50
29	45.16	50.58	55.99	61.41	66.83	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25	72.25
30	46.88	52.50	58.13	63.75	69.38	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
31+	46.88	52.50	58.13	63.75	69.38	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00

Normal Retirement

Early Retirement

Vested Retirement

Normal Retirement

Requirements

At least 25 years of service credit and age 50.

Calculation

Members earn a 2% benefit for each year of service credit for the first 10 years, then a 2.75% benefit for each year of service credit thereafter with a maximum benefit of 75% of FAS.

Payment

Retirement benefits are payable immediately.

Survivor Benefit

For Members who have elected Normal Retirement or who are eligible for Normal Retirement, the maximum survivor benefit is 70% of the Member's retirement benefit at the time of death. This amount is payable to a qualified surviving spouse (including a partner in civil union), and/or qualified surviving child.

Survivors of a Member who has not separated service, but is eligible for a Normal Retirement and dies in the line of duty are eligible for a supplemental benefit under the Statewide Death & Disability Plan to bring the combined benefit to 70% of salary at the time death.

Survivors of a Member who dies white an active Member, and who is not eligible for Normal Retirement may be eligible for benefits under the Statewide Death & Disability Plan.

Early Retirement

Requirements

At least 20 years of service credit and age 45.

Calculation

Members earn a 2% benefit for each year of service credit for the first 10 years, then a 2.75% benefit for each year of service credit thereafter with a maximum benefit of 75% of FAS. This benefit is reduced by 7.5% for each year and portion thereof, that the Member is younger than age 50 when the benefit begins.

Payment

A reduced retirement benefit is payable immediately.

Survivor Benefit

For Members who have elected an Early Retirement, the maximum survivor benefit is 70% of the Member's retirement benefit at the time of death. This amount is payable to the qualified surviving spouse (including a partner in civil union), and/or qualified surviving children.

Vested Retirement

Requirements

At least 10 years of service credit.

Calculation

Members receive a 2% benefit for each year of service credit for the first 10 years, then a 2.75% benefit for each year of service credit thereafter with a maximum benefit of 75% of FAS.

Payment

Retirement benefits are payable at age 50.

Survivor Benefit

The maximum survivor benefit is 70% of the retirement benefit the Member would have received at the time their retirement benefit was scheduled to begin. If the police officer dies prior to age 50 (and therefore prior to the commencement of benefits), the qualified surviving spouse will receive 70% of the benefit that would have been payable to the Member. If there is no surviving spouse, the benefit is payable to the qualified surviving child(ren). The survivor benefit is payable when the Member would have reached age 50.

Deferred Retirement

Definition

Members who qualify for a Normal Retirement may delay the start of their defined benefit pension payments to as late as age 65. In exchange for waiting to start their benefit, the Member receives an increase in their monthly benefit payment amount at the actuarial equivalent rate. The percentage in the table below is applied to the Member's defined benefit amount, not the Member's FAS.

Deferred Retirement Actuarial Equivalence Factors Age at Benefit Commencement ▼

Age at Retirement ▼	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	100.00%	106.36%	113.08%	120.17%	127.64%	135.51%	143.80%	152.51%	161.65%	171.23%	186.43%	203.17%	221.65%	242.07%	264.68%	289.78%
51		100.00%	106.32%	112.98%	120.01%	127.41%	135.20%	143.38%	151.98%	160.99%	175.27%	191.01%	208.38%	227.58%	248.84%	272.43%
52			100.00%	106.27%	112.88%	119.84%	127.16%	134.86%	142.94%	151.42%	164.85%	179.66%	195.99%	214.04%	234.04%	256.22%
53				100.00%	106.22%	112.77%	119.66%	126.90%	134.51%	142.48%	155.12%	169.05%	184.42%	201.40%	220.21%	241.08%
54					100.00%	106.17%	112.65%	119.47%	126.63%	134.13%	146.03%	159.14%	173.61%	189.60%	207.30%	226.95%
55						100.00%	106.11%	112.53%	119.27%	126.34%	137.54%	149.89%	163.51%	178.57%	195.24%	213.74%
56							100.00%	106.05%	112.40%	119.06%	129.62%	141.25%	154.09%	168.27%	183.98%	201.41%
57								100.00%	105.99%	112.26%	122.22%	133.19%	145.29%	158.66%	173.47%	189.90%
58									100.00%	105.92%	115.31%	125.66%	137.07%	149.69%	163.66%	179.16%
59										100.00%	108.87%	118.63%	129.41%	141.31%	154.50%	169.13%
60											100.00%	108.97%	118.86%	129.80%	141.90%	155.34%
61												100.00%	109.08%	119.11%	130.22%	142.54%
62													100.00%	109.19%	119.37%	130.67%
63														100.00%	109.32%	119.66%
64															100.00%	109.45%
65																100.00%

Example of Deferred Retirement

If a Member's Normal benefit were equal to $1,000.00 per month if paid at age 50, and they elected to defer receipt of that benefit until age 60; the deferred benefit amount would be $1,864.30 per month, payable at age 60.

($1,0000.00 x 186.43% = $1,864.30)

NOTE:
The table is for illustrative purposes only and shows some of the factors used to calculate a Deffered Retirement. There is a separate factor for each age, specific to both the year and the month. Tables may be revised periodically. If you select a Deferred Retirement, your benefit will be determined by the exact tables and factors in effect at the time you begin to receive your benefit.

Deferred Retirement Option Plan (DROP)

Definition

The Deferred Retirement Option Plan, or DROP, allows Members to build up a cash account during their final years before retirement. When a Member enters DROP, they will technically retire for pension purposes, but will actually continue to work at their department for up to five (5) years. Their defined benefit payments and Member contributions are deposited into a Member-directed investment account. That cash account is then available to the Member when they exit DROP and retire from their department. Members may run an individual projection of their estimated DROP balance using the FPPA Member Account Portal (MAP).

Please note that while participating in DROP, Members do not earn additional service credit toward retirement.

Requirements

In order to enter DROP, a Member must be eligible for Normal Retirement.

Payment

At the end of the DROP period, the Member retires from the department and may begin taking withdrawals from their DROP account. Distributions may be paid as periodic payments, a lump sum, or a combination of both periodic payments and a lump sum. The Member's DROP account is in addition to their defined benefits payments.

Cost of Living Adjustments (COLAs)

Cost of Living Adjustments will begin on October 1st immediately prior to the retired police officer turning 60. Thereafter, COLAs are effective October 1st of each year. The amount of the COLA cannot exceed 3% per year. In most cases that will be the prior year but if their birthday is Oct. 2-Dec. 31st the COLA will not begin the year before they turn 60.

Refunds

Non-Vested

If a Member terminates employment with less than five years of service credit, then they may choose to receive a refund of their Member contributions plus 5% as interest. If a refund is chosen, all Employer contributions are forfeited, including non-vested Employer contributions to the Money Purchase Component.

Vested

If a Member terminates employment with more than five years of service credit, the Member's contributions plus 5% as interest may be refunded, instead of receiving a retirement benefit. If a refund is chosen, all Employer contributions to this Component are forfeited.

Purchasing Service Credit

FPPA Members who have prior public employment time with a non-FPPA employer, employment with a private employer, or military service may be eligible to purchase service credit under the Statewide Retirement Plan if certain conditions are met.

After one year of service credit in the Statewide Retirement Plan, Members may purchase:

- Any public employment time for which they are not eligible for a retirement benefit.
- Up to five years of military time for which they are not eligible for a retirement benefit, or for which they were not eligible to submit pension contributions under the Uniformed Services Employment and Reemployment Rights (USERRA).

After five years of earned service credit in the Statewide Retirement Plan, Members may purchase:

- Up to five years of private employment for which they are not eligible for a retirement benefit.

Additional points:

- Once eligible, purchase(s) can be made throughout the Member's career, but must be completed prior to retirement or entry into DROP.
- The cost is based on the Member's age and highest annual base salary in the Plan.
- The Member may estimate the cost of purchasing service credit using the calculators in the Member Account Portal (MAP) or JoinFPPA.org.
- Factors used to determine the cost of service credit may be revised periodically.

Separate Retirement Account (SRA)

While this allocation is still a feature on the plan, it is not anticipated that future allocations will be made.

This plain language document is intended for information purposes only.

Official interpretations or determinations are based upon the statues, plan documents, rules and regulations which govern these plans.

FPPA | Fire & Police Pension Association of Colorado

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